

AMENDED IN SENATE AUGUST 24, 2006

AMENDED IN SENATE JUNE 27, 2006

AMENDED IN ASSEMBLY APRIL 26, 2005

AMENDED IN ASSEMBLY APRIL 4, 2005

CALIFORNIA LEGISLATURE—2005–06 REGULAR SESSION

## ASSEMBLY BILL

**No. 608**

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**Introduced by Assembly Member Calderon**

February 17, 2005

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An act to amend Section 10127.7 of, and to add Section 789.15 to the Insurance Code, relating to life insurance.

### LEGISLATIVE COUNSEL'S DIGEST

AB 608, as amended, Calderon. Life insurance.

Existing law regulates the sale of life insurance, in particular sales to seniors, including annuities, as specified.

This bill would provide that if a senior makes a written or ~~telephone~~ *telephonic* request for a meeting the same day to discuss the purchase of specific life insurance or annuities having an initial face amount of \$15,000 or less that are designated by the purchaser for payment of funeral and burial expenses, a notice, as specified, shall be delivered to the senior prior to the start of the meeting.

The bill would also provide that the sale of a burial or funeral policy shall not create an existing insurance relationship for the purposes of the required delivery of a specified written notice to seniors 24 hours before meeting in their home to sell other life insurance or annuities.

Existing law provides that life insurance policies with a face value of less than \$10,000, issued after July 1, 1974, shall contain a notice

permitting the return of the policy within a period of time designated in the notice, which may not be less than 10 or more than 30 days.

This bill would provide that a life insurance policy or annuity with a face value of \$15,000 or less, issued after January 1, ~~2006~~ 2007, shall contain a notice permitting the return of the policy within 30 days.

Vote: majority. Appropriation: no. Fiscal committee: no.

State-mandated local program: no.

*The people of the State of California do enact as follows:*

1     SECTION 1. Section 789.15 is added to the Insurance Code,  
2     to read:

3     789.15. If a senior makes a written or ~~telephone~~ *telephonic*  
4     request for a meeting the same day to discuss the purchase of  
5     specific life insurance or annuities having an initial face amount  
6     of fifteen thousand dollars (\$15,000) or less that are designated  
7     by the purchaser for payment of funeral and burial expenses, a  
8     notice as required by subdivision (b) of Section 789.10 shall be  
9     delivered to the senior prior to the start of the meeting. In  
10    addition to the requirements of Section 789.10, that notice shall  
11    contain the following information in at least 14-point type, and  
12    be initialed by the senior:

13    ~~You~~—“*You* have the right to cancel and return a policy or  
14    certificate within 30 days of receipt for a full ~~refund~~. *refund.*”

15    The notice must be *read and* signed by the senior and  
16    submitted with any application if the senior purchases a policy.  
17    The agent or insurance representative shall not be permitted to  
18    sell any other lines of insurance or annuities that are not policies  
19    for funeral or burial expenses. A sale of a burial or funeral policy  
20    under this section shall not create an existing insurance  
21    relationship for purposes of Section 789.10.

22    SEC. 2. Section 10127.7 of the Insurance Code is amended to  
23    read:

24    10127.7. Every policy of individual life insurance, or annuity  
25    with an initial face value of fifteen thousand dollars (\$15,000) or  
26    less, which is delivered or issued for delivery in this state on and  
27    after January 1, ~~2006~~ 2007, shall have printed thereon or attached  
28    thereto a notice stating that, after receipt of the policy by the  
29    owner, the policy may be returned by the owner for cancellation  
30    by delivering it or mailing it to the insurer or to the agent through

1 whom it was purchased. The period of time set forth by the  
2 insurer for return of the policy by the insured shall be clearly  
3 stated on the notice and this period shall be not less than 30 days.  
4 The insured may return the policy to the insurer at any time  
5 during the period specified in the notice. This delivery or mailing  
6 of the policy by the owner shall void the policy from the  
7 beginning, and the parties shall be in the same position as if no  
8 policy or contract had been issued. All premiums paid and any  
9 policy fee paid for the policy shall be refunded to the owner.

10 This section applies to all policies issued on or after January 1,  
11 ~~2006~~ 2007, and applies to any renewal thereof. All policies  
12 subject to this section which are in effect on January 1, ~~2006~~  
13 2007, shall be construed to be in compliance with this section,  
14 and any provision in a policy which is in conflict with this  
15 section shall be of no force or effect.

16 This section does not apply to individual life insurance policies  
17 issued in connection with a credit transaction or issued under a  
18 contractual policy change or conversion privilege provision  
19 contained in a policy.